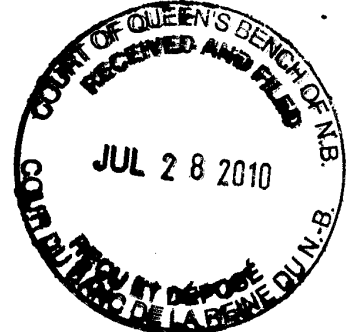


Court File No. N/M/17/10

IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK
IN BANKRUPTCY AND INSOLVENCY
JUDICIAL DISTRICT OF MIRAMICHI



IN THE MATTER OF THE RECEIVERSHIP OF:

ATCON GROUP INC., ATCON HOLDINGS INC., ATCON PROPERTY HOLDINGS INC., ATCON VENEER PRODUCTS INC., ATCON LOGISTICS INC., ATCON CONSTRUCTION INC., ATCON MANAGEMENT SERVICES INC., ATCON CIVIL LTD., DYCON CONSTRUCTION LTD., ATCON STRUCTURES INC. AND ENVIREM TECHNOLOGIES INC.

PURSUANT TO Section 33 of The *Judicature Act*, R.S.N.B. 1973, Ch. J-2, Rule 41, Rules of Court, New Brunswick and Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3

BETWEEN:

THE BANK OF NOVA SCOTIA, a Canadian chartered bank
with a registered office in the City of Saint John, Province of
New Brunswick

APPLICANT

- and -

ATCON GROUP INC., ATCON HOLDINGS INC., ATCON PROPERTY HOLDINGS INC., ATCON VENEER PRODUCTS INC., ATCON LOGISTICS INC., ATCON CONSTRUCTION INC., ATCON MANAGEMENT SERVICES INC., ATCON CIVIL LTD., DYCON CONSTRUCTION LTD., ATCON STRUCTURES INC. AND ENVIREM TECHNOLOGIES INC., all of which are carrying on business in the Province of New Brunswick

RESPONDENTS

ORDER

THIS MOTION, made by Ernst & Young Inc. in its capacity as Court-appointed receiver and receiver manager (the "Receiver") of the property, assets and undertakings of the

Julie
28 July 2010

Respondents, was heard this day at 673 King George Highway, Miramichi, New Brunswick.

ON READING the Receiver's notice of motion dated 23 July 2010, the Fifth Report of the Receiver dated 23 July 2010 (the "**Fifth Report**") and the appendices attached thereto, the confidential Supplement to the Fifth Report of the Receiver dated 27 July 2010 (the "**Supplemental Report**"), and upon hearing the submissions of counsel to the Receiver and other counsel present,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Fifth Report, the Supplemental Report and the Motion Record shall be and is hereby abridged and validated so that the motion is properly returnable today, and that any further service thereof is hereby dispensed with.

TENDER PROCESS

2. **THIS COURT ORDERS** that the Receiver is hereby authorized and directed to carry out and conduct a tender sale in respect of the Atcon Eastern Assets (as defined in the Fifth Report) in accordance with the terms and conditions outlined in the Receiver's Tender Information Package attached as Appendix "C" to the Fifth Report (the "**Tender Information Package**") and the Tender Process described in the Fifth Report, and the Tender Information Package and the Tender Process are hereby approved.

3. **THIS COURT ORDERS** that, upon receipt by the Receiver of the purchase price from a purchaser of any of the Atcon Eastern Assets as a result of the Tender Process conducted by the Receiver, all of the right, title and interest of the Respondents in and to the Atcon Eastern Assets purchased by such purchaser shall vest absolutely in the purchaser without further instrument of transfer or discharge, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by any Court orders

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granted in these proceedings against the Respondents' Property; (ii) any encumbrances or charges created by any Court Orders granted in the *Companies' Creditors Arrangement Act*, (Canada) proceedings having Court File No. N/M/16/10; (iii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (New Brunswick), or any other registry system (all of which are collectively referred to as the "**Encumbrances**") and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Atcon Eastern Assets sold by the Receiver to any purchaser in accordance with the terms and conditions of the Tender Process, the Tender Information Package and this Order are hereby expunged and discharged as against the Atcon Eastern Assets.

4. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the adjusted net proceeds from the sale of the Atcon Eastern Assets by Receiver in accordance with the terms and conditions of the Tender Process, the Tender Information Package and this Order (the "**Tender Proceeds**") shall stand in the place and stead of such Atcon Eastern Assets, and all Claims and Encumbrances shall attach to the Tender Proceeds with the same priority as they had with respect to such Atcon Eastern Assets as if the Atcon Eastern Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale. The Tender Proceeds shall not be distributed to satisfy any Claim or Encumbrance attached thereto without further order of this Court.

AUCTION PROCESS

5. **THIS COURT ORDERS** that the Receiver is hereby authorized to execute the Century Services Inc. ("**Century**") auction proposal dated July 15, 2010 attached as Appendix "D" to the Fifth Report, for the sale of the Atcon Western Assets (as defined in the Fifth Report) (the "**Auction Agreement**"), and the Auction Agreement is hereby approved.

6. **THIS COURT ORDERS** that, upon receipt by Century of the purchase price from a purchaser of any of the Atcon Western Assets at any public auction conducted by Century in connection with the Auction Agreement, and upon a bill of sale being issued by Century to any such purchaser, all of Atcon Construction's right, title and interest in and to the Atcon Western Assets purchased by such purchaser shall vest absolutely in the purchaser without further

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instrument of transfer or discharge, free and clear of and from any and all Claims and Encumbrances, and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Atcon Western Assets sold by Century to any purchaser in accordance with the terms and conditions of the Auction Agreement and this Order are hereby expunged and discharged as against the Atcon Western Assets.

7. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Atcon Western Assets by Century in accordance with the terms and conditions of the Auction Agreement and this Order (the “**Auction Proceeds**”) shall stand in the place and stead of such Atcon Western Assets, and all Claims and Encumbrances shall attach to the Auction Proceeds with the same priority as they had with respect to such Atcon Western Assets as if the Atcon Western Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

TENDER AND AUCTION PROCEEDS

8. **THIS COURT ORDERS** that the Receiver is authorized and directed, upon receipt of the Tender Proceeds and/or the Auction Proceeds, to utilize the Tender Proceeds and/or the Auction Proceeds for the purpose of making payments (including interim payments) required or permitted by the Receivership Order dated March 2, 2010 granted in these proceedings as amended by the Order dated March 30, 2010 granted in these proceedings.

SEALING

9. **THIS COURT ORDERS** that the Supplemental Report shall be sealed, kept confidential and not form part of the public record, but rather shall be placed, separate and apart from all other contents of the Court file, in a sealed envelope and shall only be opened upon further Order of the Court.

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28 July 2010

VARIATION OF JUNE 18 ORDER

10. **THIS COURT ORDERS** that the reference to "July 30, 2010" in paragraph 21 of the Order of this Court dated June 18, 2010 granted in these proceedings be and is hereby deleted and replaced with "August 31, 2010".

Dated at Miramichi, New Brunswick, this 28th day of July, 2010.


Thomas W. Riordon
Judge of the Court of Queen's Bench of
New Brunswick

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